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Counterfeit Deterrence

The Federal Reserve and the Department of the Treasury are committed to continuous improvement in currency design and aggressive law enforcement to protect the integrity of U.S. currency against counterfeiting.

- Currency counterfeiting has consistently been kept low for more than 100 years.
- Despite counterfeiters' increasing use of technology, advanced counterfeit deterrence on the part of the authorities has kept counterfeiting at low levels. Current estimates put the rate of counterfeit \$50 notes in circulation worldwide at less than 1 note for every 25,000 genuine \$50 notes in circulation.¹
- The most recent money designs, which were introduced beginning in 1996, included improved security features to make counterfeiting more difficult and to make it easier for financial institutions, professional cash handlers and the general public to check their U.S. currency.
- Easy-to-use security features help people check their U.S. money:
 - ✓ **Watermark:** a faint image, similar to the portrait, which is part of the paper itself and is visible from both sides when held up to the light.
 - ✓ **Security thread:** also visible from both sides when held up to the light, this vertical strip of plastic is embedded in the paper and spells out the denomination in tiny print.
 - ✓ **Color-shifting ink:** the numeral in the lower right corner on the face of the note, indicating its denomination, changes color when the note is tilted. For the new currency, this color shift is more dramatic. It changes from copper to green, making it even easier for people to check their money.
- Because these features are difficult for counterfeiters to reproduce well, they often do not try; they hope that cash handlers and the public will not check their money.
- The U.S. Secret Service is working closely with banks and law enforcement agencies worldwide to help suppress counterfeiting activities.

¹ The Federal Reserve





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- Through aggressive law enforcement, authorities seize the vast majority of known counterfeit U.S. dollars before they are passed into circulation.
- In fiscal year 2003, the U.S. Secret Service and international authorities seized \$63 million in counterfeit notes before they ever made it into circulation. Another \$38 million in counterfeit U.S. currency that had been passed into circulation was detected and removed worldwide. In these cases, innocent victims who received the bogus bills suffered a financial loss.²
- In 2003, the U.S. Secret Service made more than 3,640 arrests in the United States for currency counterfeiting activities. The conviction rate for counterfeiting prosecutions is about 99 percent.³
- About 42% of the counterfeit notes detected being passed in the U.S. in fiscal year 2003 originated outside the U.S., whereas about 50% originated outside of the U.S. in 2002.⁴
- The combined efforts of public education, law enforcement, the changes made to the currency in the late 1990s and increased public awareness have all kept counterfeiting of U.S. currency at a low level.

Counterfeiters are turning increasingly to digital methods, as advances in technology make digital counterfeiting easier and cheaper.

- While serious note counterfeiting was once exclusively practiced by organized criminal groups using traditional printing methods that require a high degree of skill, today increasingly deceptive counterfeit notes are produced using basic home computer systems.
- In 1995, less than 1 percent of counterfeit notes detected in the U.S. were digitally produced. Since then, digital equipment has become more available to the general public, and as a result, the amount of digitally produced counterfeit notes has risen. Over the last several years, the amount of digitally produced counterfeit notes has remained steady at about 40 percent.⁵
- In 2003, the U.S. Secret Service made 469 seizures of digital equipment, such as personal computers, involved in currency counterfeiting.⁶

² U.S. Secret Service

³ U.S. Secret Service

⁴ U.S. Secret Service

⁵ U.S. Secret Service

⁶ U.S. Secret Service





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- Currency counterfeiting by traditional offset-printing operations is more prevalent abroad, while digital counterfeiting is more prevalent in the U.S.

To stay ahead of counterfeiters, the U.S. will be introducing new designs every 7-10 years.

- Enhancing the design of our money has become an ongoing process. The first note of the new currency designs, the \$20 note, was issued October 9, 2003. The series continues with the \$50 note, which was issued on September 28, 2004. The next denomination to be introduced in the series will be the \$10 note in 2005. The \$100 note is also slated to be redesigned, but a timetable for its introduction is not yet set. The government has no plans to redesign the \$5 note at this time, and the \$1 and \$2 notes will not be redesigned.

The new \$50 notes will be safer, smarter and more secure: safer because they're harder to fake and easier to check; smarter to stay ahead of tech-savvy counterfeiters; more secure to protect the integrity of U.S. currency.

- The new \$50 design retains three important security features that were introduced in the 1990s and are easy for consumers and merchants alike to check: watermark, security thread and color-shifting ink.
- While consumers should not use color to check the authenticity of their money, the addition of color makes it more burdensome for potential currency counterfeiters because it adds complexity to the note and thus makes counterfeiting more difficult.

Security features are more effective if the public knows about them. To build that awareness, the U.S. government has undertaken a public education program to help ensure people all over the world know the new \$50 note has arrived, and to help them understand and utilize the security features. Outreach is targeted to audiences that use and handle the \$50 note the most, including cash handlers in the financial and retail sectors in general, and in the gaming industry in specific.

- People who know how to use the security features can avoid ending up with worthless counterfeit bills.
- While current estimates put the rate of counterfeit \$50 notes in circulation worldwide at less than 1 note for every 25,000 genuine \$50 notes in circulation, if you end up with that rare fake, you will lose your hard-earned money. Counterfeit bills cannot be turned in for genuine ones, and knowingly passing along a counterfeit is illegal.

